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Mexico

Grain and Feed

Mexico Considering Support Program for Dry Beans 2003

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Report Highlights:

Mexico's Secretariat of Agriculture, Livestock, Rural Development, Fisheries and Foodstuffs (SAGARPA) is discussing a new support program for dry bean producers with less than 10 hectares in the states of Zacatecas and Durango for the 2003 spring/summer crop cycle. Under the program, SAGARPA will purchase and store beans directly.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Mexico [MX1]
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Officials from Mexico's Secretariat of Agriculture (SAGARPA) are discussing a new support program for dry bean producers in the states of Durango and Zacatecas in recent press conferences. Reportedly, the program will establish a producer price of 4.5 pesos per kilo (US\$ 18 cents per pound) for producers with less than 10 hectares. SAGARPA officials have estimated that the program would apply to 60,000 MT of beans from the spring/summer 2003 crop in Durango and Zacatecas, about 10 percent of the total crop in these states and about five percent of Mexico's total crop.

Farmers will have the option of selling their beans directly to SAGARPA without any prior cleaning for 4.5 pesos per kilogram, more than double last year's market price. A second option will be to sell to a storage center where a farmer can pay to have the beans cleaned and packaged in return for a price of 5.0 pesos per kilogram provided the final product meets a certain quality standard. SAGARPA will then store the beans as necessary.

Mexico's small bean producers differ from small corn and sorghum producers in that they must market most of their crop commercially. Transportation costs are high and storage options are limited. Small corn and sorghum producers often use their crops on farm to feed livestock and are better able to store their crops. Additionally, bean producers do not benefit from the reference price system used to support corn and sorghum producers (see MX 3028).

Some government officials feel that bean producers have had a particularly difficult time adjusting to marketing their products commercially since the single government buyer system was eliminated about 10 years ago. This problem was highlighted during the spring of 2003 when a large spring crop was anticipated in the face of carryover stocks from the fall harvest. Bean prices plummeted and the government took steps to block imports. Mexican agricultural groups have called for developing an agreement that would extend trade protections beyond 2008, the year in which the current tariff-rate quota will be eliminated under the provisions of the North American Free Trade agreement.

Note: This program has not yet been announced in Mexico's Diario Oficial (Federal Register) and there appears to be no official written announcement (i.e., press release or program announcement). Reported statements from SAGARPA officials indicate that SAGARPA has the funds to put the program in place.